

490.932 Action on a plan of conversion.

In the case of a conversion of a domestic corporation to a domestic or foreign eligible entity, the plan of conversion shall be adopted in the following manner:

1. The plan of conversion shall first be adopted by the board of directors.
2. *a.* The plan of conversion shall then be approved by the shareholders. In submitting the plan of conversion to the shareholders for their approval, the board of directors must recommend that the shareholders approve the plan, unless any of the following applies:
 - (1) The board of directors makes a determination that because of conflicts of interest or other special circumstances it should not make such a recommendation.
 - (2) [Section 490.826](#) applies.
- b.* If paragraph “*a*”, subparagraph (1) or (2) applies, the board of directors shall inform the shareholders of the basis for its so proceeding.
3. The board of directors may set conditions for approval of the plan of conversion by the shareholders or the effectiveness of the plan of conversion.
4. If the approval of the shareholders is to be given at a meeting, the corporation shall notify each shareholder, regardless of whether entitled to vote, of the meeting of shareholders at which the plan of conversion is to be submitted for approval. The notice must state that the purpose, or one of the purposes, of the meeting is to consider the plan of conversion and must contain or be accompanied by a copy or summary of the plan. The notice must include or be accompanied by a copy of the organic rules of the converted entity which are to be in writing as they will be in effect immediately after the conversion.
5. Unless the articles of incorporation, bylaws, or the board of directors acting pursuant to [subsection 3](#), require a greater vote or a greater quorum, approval of the plan of conversion requires all of the following:
 - a.* The approval of the shareholders at a meeting at which a quorum exists consisting of a majority of the votes entitled to be cast on the plan.
 - b.* Except as provided in [subsection 6](#), the approval of each class or series of shares voting as a separate voting group at a meeting at which a quorum of the voting group exists consisting of a majority of the votes entitled to be cast on the plan by that voting group.
6. If as a result of the conversion one or more shareholders of the converting domestic corporation would become subject to interest holder liability, approval of the plan of conversion shall require the signing in connection with the transaction, by each such shareholder, of a separate written consent to become subject to such interest holder liability.

[2021 Acts, ch 165, §136, 230](#)

Referred to in [§490.901](#)

Section effective January 1, 2022; 2021 Acts, ch 165, §230

NEW section